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1974 ANNUAL REPORT

Imperial General Properties Ltd
Y & R Properties Ltd

DIRECTORS:

R.J. Prusac
President of W. B. Sullivan Construction Limited
K.A. MacKenzie, C.A.
President of Deltan Corporation Limited
T.S. Ripley
President of the Metropolitan Trust Company
D. H. Burstow, C. A.
General Manager of W.B. Sullivan Contruction Limited
H.C. Kerr, Q.C.
Partner, McLean, Lyons & Kerr, Barristers & Solicitors rs
D.A. Berlis, Q.C.
Partner, Aird, Zimmerman & Berlis, Barristers & Solicitors

OFFICERS:

R.J. Prusac
Chairman of the Board
K.A. MacKenzie, C.A.
President
D.H. Burstow, C.A.
Secretary & Treasurer
B.H. Dinsmore, C.A.
Comptroller

DELTAN CORPORATION LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1974

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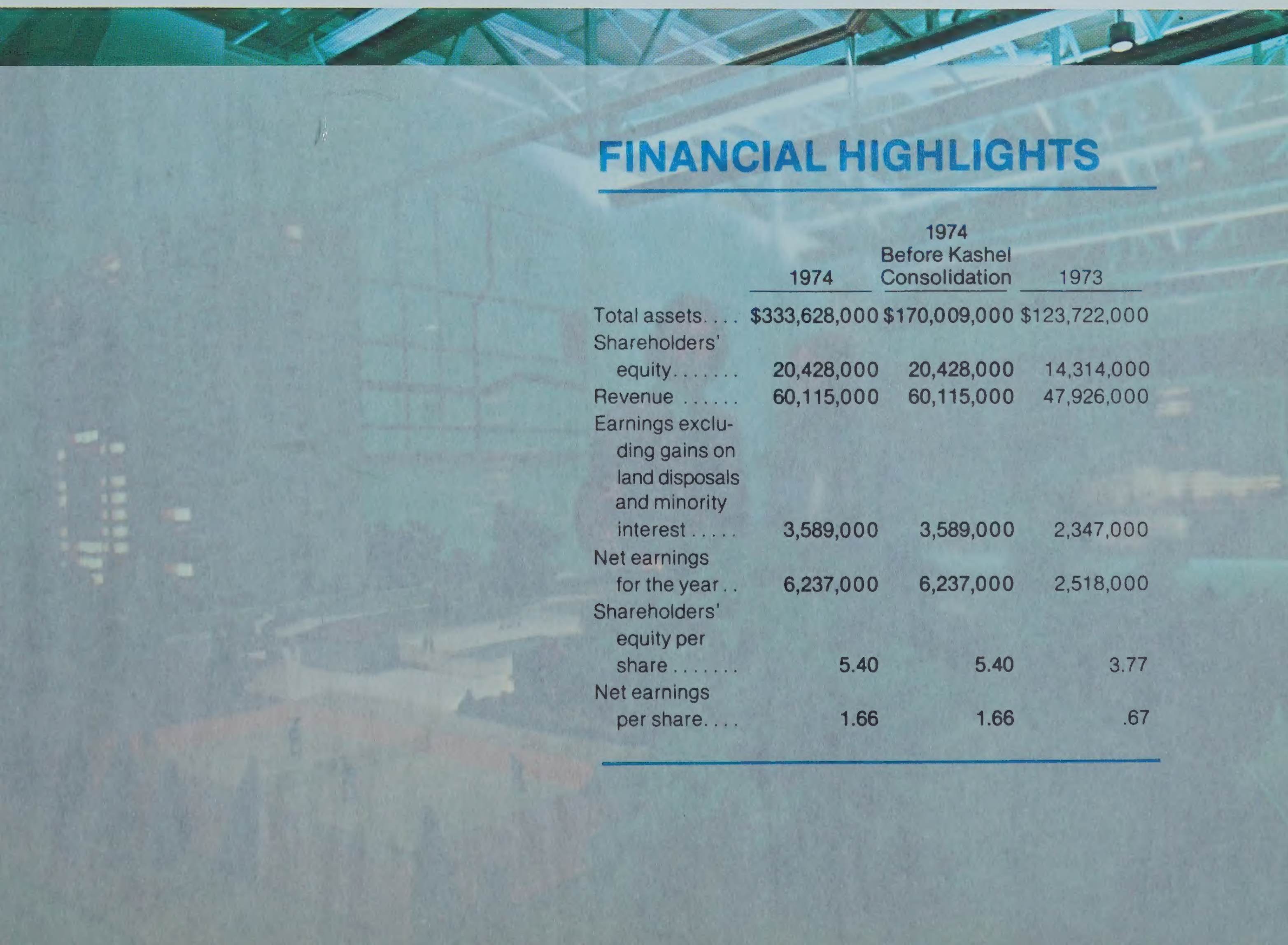

FINANCIAL HIGHLIGHTS

	1974	1974 Before Kashel Consolidation	1973
Total assets....	$333,628,000	$170,009,000	$123,722,000
Shareholders' equity.......	20,428,000	20,428,000	14,314,000
Revenue	60,115,000	60,115,000	47,926,000
Earnings excluding gains on land disposals and minority interest.....	3,589,000	3,589,000	2,347,000
Net earnings for the year..	6,237,000	6,237,000	2,518,000
Shareholders' equity per share.......	5.40	5.40	3.77
Net earnings per share....	1.66	1.66	.67

DIRECTORS:

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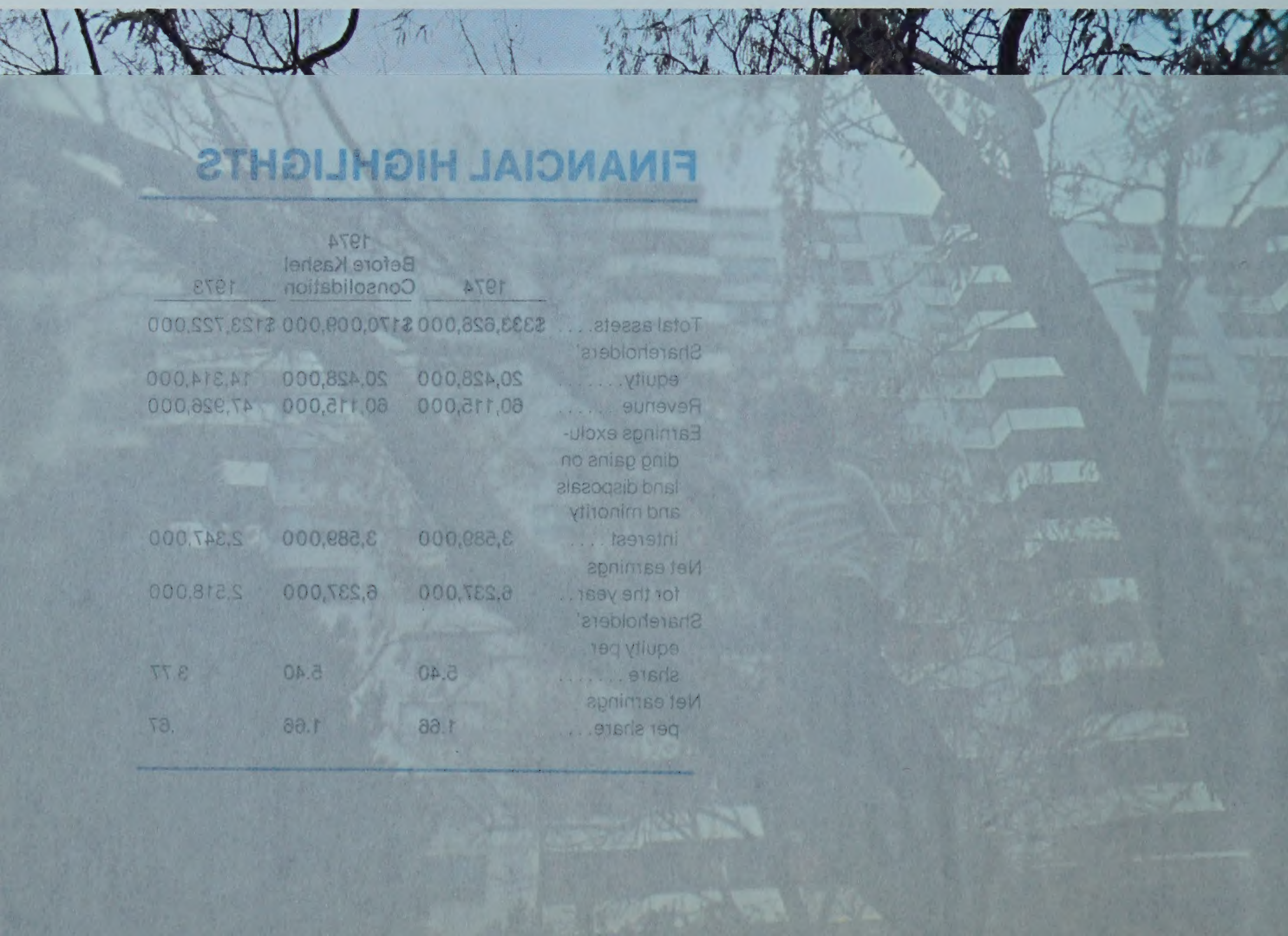

DELTAN CORPORATION LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1974

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MESSAGE TO SHAREHOLDERS

In last year's annual report, the comment was made that 1973 was a successful and eventful year.
The same comment would be an understatement for 1974, a year in which the company, in common with all other similar ones, was buffeted by economic storms and some troublesome legislation. These conditions combined with the fact that this was the first full year under new management, made the year unusually difficult but, as can be seen from the financial statements, 1974 was completely satisfactory from any viewpoint.

The most significant transaction during the year was the acquisition in late December of control of Kashel Developments Limited, a company which in turn controls 100% of Morenish Land Developments Limited, 52% of Y&R Properties Limited and 74% of Imperial General Properties Limited. The latter two firms are well known public real estate companies in their own right and the first two companies have both had successful histories in the real estate development area. This is a long term investment of course and no significant improvement in 1975 operating results is anticipated as a result of this acquisition.

The 1974 annual reports for Y&R Properties Limited and Imperial General Properties Limited have been sent to you with this report to ensure that Deltan shareholders are fully acquainted with the companies. As a further aid to comprehension of the progress of Deltan and the effect of the acquisition, the Financial Statements incorporate a supplementary balance sheet which essentially shows the Deltan position without consolidating Kashel. This balance sheet is the appropriate one to use when assessing the changes within Deltan itself during the year. The more significant highlights could be summarized as follows:

	1974	1973
Total assets	**$170,009,000**	$123,722,000
Shareholders' equity	**20,428,000**	14,314,000
Revenue	**60,115,000**	47,926,000
Earnings excluding gains on land disposals and minority interest	**3,589,000**	2,347,000
Net earnings for the year	**6,237,000**	2,518,000
Shareholders' equity per share	**5.40**	3.77
Net earnings per share	**1.66**	.67

Operations during the year were affected by the general economic slowdown and the high interest levels prevailing during the latter part of the year. These problems were reflected in the last quarter of 1974 and the first half of 1975 which will not repeat the performance of the previous year. The expectation is that the operations will be back in line in the second half of 1975. The company has now virtually completed its program for disposal of those lands without development possibilities in the near future and earnings from this source are of course non-recurring.

One new venture for the company in 1975 involves participation in the Ontario Housing Action Program, an Ontario Government plan to help in providing housing for low- and middle-income families at more favourable interest rates than the prevailing market level. The company has projects now under construction and on sale totalling 875 townhouse units. These projects are being received very favourably and all units should be sold during 1975.

The Triumph Hotel will be open for business in mid-1975 and the office building that was under construction in 1974 is now fully leased. Existing apartment buildings are virtually fully rented and the three buildings under construction at Bridlewood are now in the final stages of renting and will be contributing to income during the latter part of 1975.

Unfortunately, no real estate company's report to shareholders would be complete without some comment on the effect of legislation specifically directed at the industry and the increasing difficulty in registering subdivision plans. The Land Speculation Tax Act introduced last April in Ontario seriously affected the normal market for some time. This was costly but the more recent modifications have made the Act more workable for developers apparently without minimizing the effect on the real target, the land speculators. If this trend continues the long term effect will probably be beneficial even though the short term problems were severe.

Increasing delays and costs in the registration process are rapidly becoming an extremely serious problem. A great deal of energy, time and money is being consumed in this fashion with the householder as the real victim in the end. It is difficult to locate the wrongdoers since in most cases everyone is simply trying to carry out their function as they see it but some method for improvement will have to be found.

The changes in the Federal Income Tax Act prohibiting an "as incurred" deduction for tax purposes of interest and other carrying charges on land inventories in all situations, regardless of the facts in any given case as to the reason for retention, have had a serious effect on costs and consequently selling prices. The effect was increased by the fact that the proposals were applied to existing projects as well as new acquisitions thereby distorting the industry planning in place.

With the existing uncertainties it would be unwise to make any specific predictions for 1975 particularly in the case of Deltan where the second half of the year will be the significant period. Given the existing demand for housing, any measurable reduction in interest rates and improvement in the economic outlook would produce a rapid increase in activity.

June 10, 1975

R Russo   L A MacKenzie

Chairman   *President*

CONSOLIDATED BALANCE SHEET

as at December 31, 1974 (with comparative figures at December 31, 1973)

ASSETS	1974	1974 Before Kashel Consolidation (Note 2)	1973
Cash	$ 2,234,000	$ 1,408,000	$ 515,000
Receivables	4,664,000	2,975,000	5,328,000
Mortgages receivable (note 3)	20,408,000	14,717,000	3,840,000
Properties under construction, at cost			
Housing units	34,204,000	31,903,000	37,124,000
Revenue-producing properties	49,707,000	24,280,000	6,424,000
Land held for development, at cost	94,356,000	48,788,000	44,731,000
Revenue-producing properties, at cost less accumulated depreciation of $10,067,000 (1973 - $410,000)	117,938,000	19,618,000	19,571,000
Other assets, at cost	3,480,000	808,000	2,005,000
Notes and loans receivable (note 4)	4,184,000	4,184,000	4,184,000
Deferred charges	2,453,000		
Investment in subsidiary			
Shares at cost		18,314,000	
Advances		3,014,000	
	$333,628,000	$170,009,000	$123,722,000

On behalf of the Board:

R. J. Prusac, *Director* K. A. MacKenzie, *Director*

LIABILITIES AND SHAREHOLDERS' EQUITY	1974	1974 Before Kashel Consolidation (Note 2)	1973
Bank indebtedness (note 5)	$ 58,344,000	$48,844,000	$ 28,207,000
Amounts payable and accrued liabilities	20,537,000	11,346,000	14,174,000
Income taxes payable	2,000,000	2,000,000	
Long term debt (note 6)	176,489,000	59,848,000	61,632,000
Deferred income taxes	21,448,000	9,950,000	5,072,000
Deferred income	4,775,000	2,441,000	
Security deposit (note 7)	14,869,000	14,869,000	
Total liabilities	298,462,000	149,298,000	109,085,000
Minority interest	14,738,000	283,000	323,000
Capital stock			
Authorized			
500,000 non-participating, voting preference shares without nominal or par value entitled to non-cumulative dividends of 2 ¢ per share per annum			
7,000,000 common shares, par value $2 each			
Issued and fully paid			
500,000 preference shares	125,000	125,000	125,000
3,759,695 common shares	7,519,000	7,519,000	7,519,000
	7,644,000	7,644,000	7,644,000
Contributed surplus	3,089,000	3,089,000	3,089,000
Retained earnings	9,695,000	9,695,000	3,581,000
Total shareholders' equity	20,428,000	20,428,000	14,314,000
Contingent liabilities (note 8)			
	$333,628,000	$170,009,000	$123,722,000

(See accompanying notes)

CONSOLIDATED STATEMENT OF EARNINGS AND RETAINING EARNINGS

for the year ended December 31, 1974 (with comparative figures for 1973)

	1974	1973
Revenue		
Sale of housing units and developed land	$54,845,000	$44,076,000
Rentals from revenue-producing properties	4,118,000	3,662,000
Interest income	1,152,000	188,000
	60,115,000	47,926,000
Expenses		
Cost of housing units and developed land sold	45,556,000	38,636,000
Operating costs of revenue-producing properties (note 9)	3,618,000	3,297,000
Administrative and general financing (note 9)	3,322,000	1,062,000
	52,496,000	42,995,000
Earnings from above sources before income taxes	7,619,000	4,931,000
Income taxes	4,030,000	2,584,000
Earnings excluding gains on land disposals	3,589,000	2,347,000
Gains on land disposals less related income taxes of $2,904,000 (1973 - $640,000)	2,648,000	431,000
Earnings before minority interest	6,237,000	2,778,000
Minority interest		260,000
Net earnings for the year	6,237,000	2,518,000
Retained earnings at beginning of year	3,581,000	1,186,000
	9,818,000	3,704,000
Dividends		
Preference shares	10,000	10,000
Common shares	113,000	113,000
	123,000	123,000
Retained earnings at end of year	$ 9,695,000	$ 3,581,000
Earnings per share		
Earnings excluding gains on land disposals	$0.96	$0.56
Gains on land disposals	$0.70	$0.11

(See accompanying notes)

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

for the year ended December 31, 1974 (with comparative figures for 1973)

	1974	1973
Sources of cash		
Net earnings for the year	$ 6,237,000	$ 2,518,000
Non-cash items		
Depreciation and amortization	231,000	159,000
Deferred income taxes	4,878,000	3,224,000
Deferred income	2,441,000	
Minority interest in net earnings		260,000
Cash flow from operations	13,787,000	6,161,000
Additional long-term financing	23,826,000	22,596,000
Decrease (increase) in receivables	2,353,000	(1,405,000)
Decrease (increase) in other assets	1,157,000	(558,000)
Increase in income taxes payable	2,000,000	
Cash received as security deposit	14,869,000	
Total sources of cash	57,992,000	26,794,000
Uses of cash		
Net increase in mortgages receivable	10,877,000	2,811,000
Net increase in real estate projects	16,970,000	43,544,000
Decrease (increase) in amounts payable and accrued liabilities	2,828,000	(4,823,000)
Reduction in long-term debt	27,610,000	2,840,000
Advances to subsidiary	3,014,000	
Dividends	123,000	123,000
Total uses of cash	61,422,000	44,495,000
Increase in bank indebtedness before investment in subsidiary	3,430,000	17,701,000
Investment in subsidiary (note 2)	16,314,000	
Bank indebtedness of subsidiary	8,674,000	
Net increase in bank indebtedness	$ 28,418,000	$17,701,000

(See accompanying notes)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *December 31, 1974*

1. ACCOUNTING POLICIES

(a) Consolidation -

The consolidated financial statements include:

(i) the accounts of the Company and all of its subsidiaries with the exception of the company referred to in note 7;
(ii) the accounts of a 50% owned affiliate over which the Company exercises voting control;
(iii) the Company's proportionate share of the assets, liabilities, income and expense of joint ventures.

(b) Foreign exchange -

U.S. dollar bank loans are converted into Canadian dollars at the rates of exchange prevailing when the loans are received. The Company has purchased future U.S. dollars to cover loan repayments.

The accounts of a U.S. subsidiary are translated into Canadian dollars at $1 U.S. = $1 Canadian which closely approximates the exchange rates prevailing at December 31, 1974 and 1973 and throughout those years.

(c) Income recognition -

Income is recognized as follows:

(i) House and condominium unit sales - when the title is transferred;
(ii) Land sales - when the title is transferred. Income on certain land sales is deferred and is recognized as the proceeds of the sales are realized. This accounting treatment conforms with the guidelines established by the Ontario Securities Commission;
(iii) Construction under contract - on the percentage of completion basis with full provision for any anticipated losses;
(iv) Revenue-producing properties - when the break-even point in cash flow is attained subject to a maximum period of time, prior to which income and expenses are capitalized.

(d) Capitalization of costs -

The Company capitalizes the following costs on properties under construction and land held for development, to the extent that the accumulated costs do not exceed the net realizable value of the property:

(i) Direct carrying costs such as mortgage interest and realty taxes, where such are identifiable with specific properties;
(ii) Administrative overhead and interest on general borrowings considered applicable;
(iii) All direct development expenses;
(iv) Operating expenses less rental income incidentally incurred and received on land held for development.

(e) Depreciation and amortization -

Revenue-producing properties, except for buildings of approximately $12,000,000, are depreciated using the sinking fund method over estimated service lives of 40 and 50 years. Under this method, the total charge to income increases each year because it includes equal annual provisions plus an amount equal to interest at 5% on the depreciation accumulated to the end of the preceding year.

The remaining buildings are depreciated on a straight line basis over their estimated remaining lives which range from 10 to 34 years at December 31, 1974.

Deferred charges which include financing and leasing costs are deferred and amortized over the terms of the related mortgages and leases.

2. ACQUISITION

In late December 1974, the Company completed arrangements to acquire control of Kashel Developments Limited, a company which in turn controls 100% of Morenish Land Developments Limited, 52% of Y&R Properties Limited and 74% of Imperial General Properties Limited. These firms all operate within the real estate industry.

The Company purchased 3,460 preference shares and 1,001 common shares representing 83% of the preference shares and 50.025% of the common shares outstanding at December 31, 1974 for $16,314,000 in cash and $2,000,000 in 10% income debentures maturing in 1980. The net book value of the underlying assets of the company acquired was $19,704,000. The acquisition has been accounted for using the purchase method and the December 31, 1974 consolidated balance sheet includes the accounts of the acquired company. Operating results of the acquired company will be reflected in the consolidated statements beginning January 1, 1975. A summary of the net assets acquired is set out below.

Total assets	$181,933,000
Total liabilities	149,164,000
Net assets	32,769,000
Deduct minority interest in net assets	14,455,000
Purchase price	$ 18,314,000

The acquisition of Kashel and its subsidiaries has materially increased the assets and liabilities included in the consolidated balance sheet at December 31, 1974. In order to aid the shareholders to better appraise the change in assets and liabilities during the year, exclusive of the acquisition, a supplemental balance sheet is presented as additional information. This balance sheet differs from the consolidated balance sheet in that it presents the investment of Kashel and its subsidiaries on a cost basis and does not consolidate its assets and related liabilities.

3. MORTGAGES RECEIVABLE

Mortgages bearing interest at an average interest rate of 9% are receivable as to principal as follows:

1975	$ 1,376,000
1976	1,647,000
1977	1,038,000
1978	1,920,000
1979	12,592,000
Subsequent to December 31, 1979	1,835,000
	$20,408,000

4. NOTES AND LOANS RECEIVABLE

In 1972, the Company sold its shares in three Bahamian subsidiaries for $939,000, consideration being in the form of non-recourse promissory notes repayable in five equal annual instalments without interest. In addition, loans totalling $3,245,000 had been advanced to these former subsidiaries which are non-interest bearing and due on demand. No payments in respect of those notes had been received as at December 31, 1974.

Subsequent to the year-end the Company exercised its rights under the agreements of sale and repossessed the shares of these companies.

The realizable value of the Company's interest in the net assets of these companies cannot be determined at this time.

5. BANK INDEBTEDNESS

The bank indebtedness is attributable to the following;

Acquisition of the shares in subsidiaries	$18,635,000
Bridge financing for properties under construction	18,866,000
Acquisition and servicing of land held for development	17,179,000
Other	3,664,000
TOTAL	$58,344,000

5. (continued)

As security for the bank indebtedness the Company and certain subsidiary companies have issued, to their bankers, demand debentures providing for a floating charge on the assets and undertakings of the companies. Under the terms of one of these debentures the Company has covenanted to maintain a minimum shareholders' equity of $9,000,000.

In addition, the shares held in Imperial General Properties Limited and Y&R Properties Limited have been pledged as collateral security for bank indebtedness totalling approximately $49,000,000. This is subject to the prior charge referred to in note 6.

Repayment terms arranged when the loans were obtained provide that the amount borrowed for the acquisition of the shares in subsidiaries is repayable in 5 equal annual instalments and that $7,850,000 of the bridge financing for the revenue-producing properties is repayable December 31, 1977.

6. LONG TERM DEBT

Long term debt may be summarized as follows:

	Maturity Dates	Average Interest Rates	1974	1973
Mortgages payable				
Properties under construction:				
Housing units	1975	9.6%	$12,590,000	$19,968,000
Revenue-producing properties	1975 - 2010	9.2%	20,233,000	1,370,000
			32,823,000	21,338,000
Land held for development	1975 - 1985	9.1%	45,264,000	23,747,000
Revenue-producing properties	1975 - 2009	8.4%	64,798,000	14,382,000
			142,885,000	59,467,000
Bonds and debentures				
Participating sinking fund bonds	1975 - 2003	Variable	12,924,000	
Sinking fund debenture	1976 - 1992	9.0%	10,000,000	
Income debenture	1976 - 1980	10.0%	2,000,000	
			24,942,000	
Other				
Non-interest bearing note arising on purchase of 90.4% interest in a joint venture	1975 - 1978		1,029,000	1,286,000
Due to vendors of the shares of subsidiaries	1975 - 1977	7.5%	7,112,000	
Sundry			521,000	879,000
			8,662,000	2,165,000
			$176,489,000	$61,632,000

Principal payments required to retire the mortgage debt on properties, other than housing under construction, and the bonds and debentures in each of the next five years, are as follows:

	Revenue-producing properties under construction	Land held for development	Revenue-producing properties	Bonds and Debentures	Total
1975	$ 821,000	$15,413,000	$ 3,929,000	$ 64,000	$20,227,000
1976	340,000	4,004,000	1,863,000	820,000	7,027,000
1977	225,000	12,448,000	6,566,000	826,000	20,065,000
1978	216,000	3,483,000	5,018,000	833,000	9,550,000
1979	133,000	3,093,000	2,381,000	841,000	6,448,000
	$1,735,000	$38,441,000	$19,757,000	$3,384,000	$63,317,000

PARTICIPATING SINKING FUND BONDS — Y&R Properties Limited has covenanted that the aggregate of fixed interest (9 1/8%) and participating interest shall yield to the bond-holders annually not less than 9.5% to December 31, 1977 and not less than 9.7% annually thereafter to December 31,1982.

Participating interest is payable annually at the rate of 7% of participating revenue for the immediately preceding calendar year.

The bonds are generally not redeemable prior to June 30, 1988 other than for sinking fund purposes. On or after June 30, 1988 the bonds are redeemable at a premium.

Under certain conditions the issuer has the right to purchase the bonds on the open market.

The bonds are secured by a first and specific mortgage on the land and building at 390 Bay Street, Toronto.

SINKING FUND DEBENTURES — The debentures are redeemable at a premium under certain conditions and are secured by a first floating charge on the assets of Y&R Properties Limited and an assignment of title to all the shares in each of its subsidiaries.

DUE TO VENDORS OF THE SHARES OF SUBSIDIARIES — $3,000,000 is secured by a pledge of the shares held in Y&R Properties Limited.

7. SECURITY DEPOSIT

Deltan Realty Limited ("Realty"), a wholly owned subsidiary of the Company, has entered into an agreement under which a contractor has agreed to finance, construct and market approximately 1850 condominium units. The lands involved, which have a book value of $6,226,000, have been charged as security for construction financing without obligation on the part of Realty under covenants to repay contained in the security documents except that Realty has retained the direct liability for a construction mortgage of $6,645,000 on one site. The terms of the agreement provide that the contractor is solely responsible for all other costs and liabilities. Accordingly, all the costs and liabilities involved, other than initial land costs and the one construction mortgage, are not reflected in these financial statements but are incorporated in the accounts of an unconsolidated subsidiary company with a nominal equity investment. This subsidiary is not consolidated because it is operated by the contractor solely as a vehicle to carry out this agreement. As such, it has had no profit or loss to date.

The contractor has posted a non-interest bearing security deposit of $14,869,000 which will be refunded on completion of various projects. At such time, any profits above a predetermined base figure will be divided between Realty and the contractor with any losses, as defined, to be absorbed by the contractor.

This security deposit may be retained in whole or in part by Realty if the contractor's appointment is terminated under various circumstances. In this event Realty must cause the lands subject to the agreement to be transferred to the contractor.

8. CONTINGENT LIABILITIES

The Company is contingently liable for the portion of the joint venture liabilities not reflected in these financial statements which amount to $13,128,000. Against this contingent liability the Company has the right to the related assets of the joint ventures.

9. OTHER INFORMATION

Other information concerning the Company and its subsidiaries is as follows:

	1974	1973
(a) Depreciation and amortization	$ 231,000	$ 159,000
(b) Interest included in		
Operating costs of revenue-producing properties	$1,184,000	$1,072,000
Administrative and general financing	2,066,000	457,000
	$3,250,000	$1,529,000
(c) Interest capitalized as carrying costs during the year	$6,855,000	$4,594,000

(d) Remuneration of directors and officers

The aggregate remuneration paid or payable to the seven directors amounted to $22,000, and to the four officers, of whom three are also directors, $92,000.

10. COMPARATIVE FIGURES

Certain 1973 figures have been reclassified in order to conform with the presentation adopted in the current fiscal year.

AUDITORS' REPORT

To the Shareholders of Deltan Corporation Limited

We have examined the consolidated balance sheet of Deltan Corporation Limited and its subsidiary companies as at December 31, 1974 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination of the financial statements of Deltan Corporation Limited and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied upon the reports of the auditors who have examined the financial statements of the other subsidiaries.

We are unable to satisfy ourselves as to the realizable value of the notes and loans receivable amounting to $4,184,000 as set out in note 4 to the financial statements.

In our opinion, subject to the adjustments, if any, which may be required to reflect the eventual realizable value of the notes and loans referred to above, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1974 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

We have also examined the balance sheet of Deltan Corporation Limited before the consolidation of Kashel (note 2). In our opinion, subject to the adjustments, if any, which may be required to reflect the eventual realizable value of the notes and loans referred to above, and except for the non-consolidation of Kashel (note 2), this balance sheet presents fairly the financial position of Deltan Corporation Limited at December 31, 1974, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
June 5, 1975

Clarkson, Gordon & Co.

Chartered Accountants





AUDITORS

Clarkson, Gordon, & Co. — Toronto

TRANSFER AGENTS AND REGISTRAR

The Metropolitan Trust Company
Toronto and Montreal

LISTING

Toronto and Montreal Stock Exchanges

DELTAN CORPORATION LIMITED

797 Don Mills Road, Suite 1305,
Don Mills, Ontario, M3C 1V2
Telephone: (416) 429-7611








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DELTAN CORPORATION LIMITED
AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF SOURCE AND USE OF CASH
(UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 1973

	1973 $	1972 $
SOURCE OF CASH		
From operations —		
Net earning for the period	1,153,880	330,453
Non-cash items included in determination of net earnings		
Depreciation and amortization	68,766	57,764
Provision for deferred income taxes	1,154,000	362,000
	2,376,646	750,217
Dividends paid	112,806	18,536
Cash flow from operations	2,263,840	731,681
Increases in —		
Accounts Payable	788,534	2,177,734
Loans payable	—	210,362
Mortgages payable	8,540,151	4,741,576
Bank indebtedness	4,559,707	891,549
Net drawings from partnership and joint ventures in excess of partnership earnings	477,797	31,881
Repayment of partnership loan	—	640,000
Net change in other assets and liabilities	—	354,321
	16,630,029	9,779,104
USE OF CASH		
Additions to undeveloped land (including carrying costs)	5,485,564	6,754,642
Net increases in —		
Accounts and rents receivable	2,362,787	473,332
Motrgages and mortgage advances receivable	1,157,806	—
Prepaid and sundry assets	997,463	—
Investments in and advances to other companies	358,324	—
Notes and loans receivable	242,745	—
Construction in progress	4,666,139	2,551,130
Purchase of revenue producing property	1,118,421	—
Net change in other assets and liabilities.	240,780	—
	16,630,029	9,779,104
CASH FLOW PER SHARE FROM OPERATIONS	60¢	19¢

INTERIM REPORT to Shareholders

SIX MONTHS ENDED JUNE 30, 1973

DELTAN CORPORATION LIMITED
4800 Dufferin Street
Downsview, Ontario, Canada M3H 5S9
Tel (416) 661-9290

DELTAN

Canwp

September 14, 1973

Dear Shareholder:

We are pleased to report improved operating results for the six months ended June 30, 1973. Earnings rose to $1,153,880 or 31¢ per common share, from $330,453 or 9¢ (restated) for the first six months of 1972. Cash flow per common share increased to 60¢ from 19¢.

Selling more

The gains in this period were due to greatly increased activity ~~in the housing and land sale phases of our operations~~.

Single family and condominium housing units continue to sell at a brisk rate in the third quarter of this year.

and they a have

The company has begun development of several parcels of land acquired in 1972 and 1973. These developments include 152 condominium townhouses, 3 rental apartment ~~buildings totalling 739 suites, and servicing of~~ a parcel of land intended for single family and townhouse units.

Construction has also begun on a 194 room hotel and seven storey office building at Keele Street and Wilson Avenue in Toronto.

We are pleased with the operating results to date in 1973, and we are hopeful that operating results for the second half of the year will also be very favourable.

Angelo Del Zotto,
President.

DELTAN CORPORATION LIMITED
AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF EARNINGS (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 1973

	1973 $	1972 $
REVENUE		
Rental income from revenue-producing properties	1,754,455	1,520,564
Construction operations and land sales	24,256,363	8,205,372
Interest and other income	38,468	60,153
	26,049,286	9,786,089
EXPENSES		
Operating costs of revenue-producing properties	1,542,891	1,321,851
Cost of construction and land sold	21,716,351	7,570,492
General and administrative	256,434	124,412
Interest (other than on revenue-producing properties)	225,730	69,489
	23,741,406	9,086,244
EARNINGS BEFORE INCOME TAXES	2,307,880	699,845
PROVISION FOR INCOME TAXES		
— Current	—	7,392
— Deferred	1,154,000	362,000
	1,154,000	369,392
NET EARNINGS FOR THE PERIOD	1,153,880	330,453
EARNINGS PER COMMON SHARE*	31¢	9¢

*There were 3,759,695 common shares outstanding at both dates.

NOTE — During 1972 the company sold its shares in Select Financial Bahamas Limited, Tropical Construction and Realty Company Limited and Shalimar Developments Limited. The June 30, 1972 consolidated statements of earnings and source and use of cash were changed to give effect to this sale.

DELTAN CORPORATION LIMITED
797 Don Mills Road, Suite 1305,
Don Mills, Ontario, M3C 1V2
Telephone: (416) 429-7611

DELTAN

INTERIM REPORT TO SHAREHOLDERS
for the six months ended June 30, 1975

DELTAN CORPORATION LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF EARNINGS

for the six months ended June 30, 1975
(with comparative figures for 1974)

	1975 (unaudited) ($'000)	1974 (unaudited) ($'000)
Revenue		
Sale of housing units	$6,898	$39,367
Rentals	14,189	1,934
Interest and other income	1,333	370
	22,420	41,671
Expenses		
Cost of housing units	5,180	32,372
Operating costs of revenue properties	11,862	1,675
Administrative and general financing	3,503	726
	20,545	34,773
Income from above sources before income taxes	1,875	6,898
Income taxes	966	3,624
Earnings before the following	909	3,274
Net gains on disposal of properties	512	1,837
Net gains on land expropriation	505	
Earnings before minority interest	1,926	5,111
Minority interest	1,144	10
Net earnings	$ 782	$ 5,101
Earnings per common share		
Operations excluding gains on disposal of properties and land expropriation	$.04	$.87
Gains on disposal of properties	$.13	$.49
Gains on land expropriation	$.04	

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DELTAN CORPORATION LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

for the six months ended June 30, 1975

(with comparative figures for 1974)

	1975 (unaudited) ($'000)	1974 (unaudited) ($'000)
Sources of cash:		
Net earnings for the period	$ 782	$ 5,101
Non cash items		
Depreciation and amortization	1,042	90
Deferred income taxes	1,003	5,715
Minority interest in net earnings	1,144	10
Cash from operations	3,971	10,916
Increase in long term financing	14,183	
Decrease in receivables	1,367	161
Decrease in real estate projects		3,464
Decrease in other assets	213	469
Increase in income taxes payable	300	
Deferred profit on gains on land sales		2,434
Total sources of cash	20,034	17,444
Uses of cash:		
Increase in real estate projects	26,812	
Increase in mortgages receivable	1,829	9,805
Increase in deferred charges	226	
Decrease in long term financing		14,610
Decrease in amounts payable and accrued liabilities	4,128	926
Total uses of cash	32,995	25,341
Net increase in bank indebtedness	$12,961	$ 7,897

August 29, 1975

Dear Shareholder,

Your Company has had a very active and successful first half of 1975 in the further development of its existing lands. During this period very little new land was purchased and a great deal of construction was completed.

While the economy is showing some signs of recovery, interest rates and unemployment still remain high. This is having a negative effect on industry sales and upon the arranging of permanent financing, but a positive effect on construction labour and material costs. We are fortunate to have excellent project locations where demand has remained strong and where we were able to build at reasonable costs.

The accompanying statements show modest financial results for the January to June period of 1975, which were as anticipated and as discussed in earlier reports. These results should improve significantly in the latter half of the year with the registration of condominium projects, many of which are now substantially complete and sold out.

K. A. MacKenzie, C. A.

President

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DELTAN CORPORATION LIMITED
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Telephone: (416) 429-7611

(Cancorp)

DELTAN

INTERIM REPORT TO SHAREHOLDERS

for the six months
ended June 30, 1976

DELTAN CORPORATION LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF EARNINGS

for the six months ended June 30, 1976
(with comparative figures for 1975)

	1976 (unaudited) ('000)	1975 (unaudited) ('000)
Revenue		
Sale of housing units and developed land	$ 68,162	$ 6,898
Rentals from revenue-producing properties	19,150	14,189
Sale of revenue-producing properties	1,624	4,460
Interest	1,330	1,333
	90,266	26,880
Expenses		
Cost of housing units and developed land sold	53,629	5,180
Operating costs of revenue-producing properties	15,483	11,862
Cost of revenue-producing properties sold	1,108	2,856
Administrative and general financing	5,854	3,503
	76,074	23,401
Earnings before income taxes and minority interest	14,192	3,479
Income taxes	7,896	1,553
Earnings before minority interest	6,296	1,926
Minority interest	1,723	1,144
Earnings for the period	$ 4,573	$ 782
Earnings per share	$ 1.22	$ .21

DELTAN CORPORATION LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

for the six months ended June 30, 1976
(with comparative figures for 1975)

	1976 (unaudited) ('000)	1975 (unaudited) ('000)
Sources of cash		
Earnings before minority interest	$ 6,296	$ 1,926
Non cash items		
Depreciation and amortization	1,436	1,042
Deferred income taxes	6,717	1,003
Deferred income	356	
Cash flow from operations including deferred income	14,805	3,971
Net decrease (increase) in real estate property	23,932	(26,812)
Additional long term debt	12,372	26,423
Increase in income taxes	1,753	300
Total sources of cash	52,862	3,882
Uses of cash		
Repayment of long term debt	29,038	12,240
Net increase in mortgages receivable	8,121	1,829
Increase in other assets	3,615	13
Decrease in amounts payable and accrued liabilities	9,910	4,128
Repayment of security deposit	1,184	
Increase (decrease) in receivables	2,287	(1,367)
Total uses of cash	54,155	16,843
Increase in net bank indebtedness	$ 1,293	$ 12,961

August 26, 1976.

Dear Shareholder,

The accompanying statements portray a successful conclusion to the construction and marketing programs undertaken in 1975. Registration of condominium townhouse and apartment units has accounted for $21 million of revenue while the gross revenue from the sale of single family and semi-detached dwelling units was $34 million. The balance of $13 million is the result of the sale of serviced residential land.

Income from revenue producing properties has increased but only proportionate to the associated costs.

Our approach to the market place continues to be one of restraint and caution. Economic recovery is slow due to continuing high interest rates, low demand and continuing high costs due to government involvement.

Your Company is in a sound and competitive position and is able to take advantage of new opportunities without the burden of excessive and poorly located inventories.

R.J. Prusac

Chairman of the Board
and President